

AUTOMATIC DATA PROCESSING FUND

PURPOSE OF THE FUND

From 1965 through 1986, the Automatic Data Processing (ADP) Fund was an intragovernmental revolving fund financing a Government-wide automatic data processing operation to coordinate and provide for the economic and efficient purchase, lease and maintenance of ADP equipment by Federal agencies. It included the procurement of ADP equipment by lease, purchase, transfer, or otherwise; maintenance of equipment; procurement or development of software programs with Government-wide application; operation of service centers; and related functions.

Costs incurred by the fund for these services were recovered by billing customers for services rendered. Following the close of each fiscal year any surplus earnings, after providing for any prior year losses, were deposited into miscellaneous receipts of the Treasury.

In 1987, the ADP fund was consolidated into a new Information Technology Fund.

AUTHORIZATION OF THE FUND

The ADP Fund was established by Public Law 89-306, approved October 30, 1965, which authorized its functions as a new section 111 of the Federal Property and Administrative Services Act of 1949, as amended.

HISTORY OF THE FUND

ADP operations in the Federal Government expanded at an extremely rapid rate over the years, and many studies and reports were undertaken by OMB, GAO, and Congress to determine the best way of managing them; major ones were the September 1958 to June 1959 OMB "ADP Responsibilities Study," and the report "Management of ADP in the Federal Government," transmitted to the President in 1965. P.L. 89-306 was enacted as a result, and specific responsibilities for improving management of Federal ADP resources were assigned to OMB, the Department of Commerce, and the General Services Administration.

To carry out the objectives of P.L. 89-306, \$10,000 was appropriated as the initial capital for the fund, to remain available without fiscal year limitation, by P.L. 90-121 of November 3, 1967. In 1971, capital was increased by \$20,000,000 by P.L. 91-665 of January 8, 1971. The total appropriated capital of the Fund was \$30,000,000.

The fund provided economies in the use of ADP equipment and services. Recovery of all costs, including depreciation and obsolescence, made it possible to keep up with advancing technology in the field, and decisions on ADP equipment procurement could be based on overall Government benefits, rather than on individual agency needs, desires, or ability to finance. Systems and equipment were selected for purchase in lieu of continued leasing when a complete cost-benefit analysis showed this to offer the greatest economic advantage to the Government. The equipment was then made available for use by Federal agencies at rates determined by the Administrator of GSA to be sufficient to cover the cost to the fund of necessary depreciation, accrued leave, amortization of installation costs, costs of operations, and other expenses recognized and accepted from the standpoint of sound accounting practice.

Although purchasing versus leasing ADP equipment is primarily a question of economics, technical considerations were not overlooked in reaching decisions: life expectancy of the equipment was determined to insure economical service beyond the break-even point, and machine capabilities are compared with anticipated agency workload requirements in making purchase versus lease analyses. Technological developments in the ADP industry were continuously evaluated to determine impact on the break-even point of equipment acquisition. Technical and economic factors were integrated in an overall analysis to assure optimum cost savings, processing power per dollar, and work accomplished for the Government.

In 1968, the GSA's in-house ADP working fund was consolidated into the ADP Fund to form the nucleus of the Federal Data Processing Center (FDPC) program; 11 FDPC's were established in 1968. The ADP Fund constantly reviewed the FDPC's for economy of operations and profitability, and marginal centers were closed and new ones opened where a need existed.

The ADP Fund operated under the functional control of the Federal Supply Service until July 15, 1972, when it was transferred to the newly-established Automated Data and Telecommunications Service (ADTS). ADTS later became the Office of Information Resources Management (OIRM) and, in 1985, the Information Resources Management Service (IRMS).

Funding in 1974 for GSA's internal systems development was provided under the Administrative Operations Fund. In October, 1975, the functions, personnel and funds related to providing internal ADP service to GSA Central Office and regional units were transferred from the ADP Fund to the Office of Administration under its direct appropriation, later to become Salaries and Expenses, General Management and Administration (GMA). This change was reflected in the 1977 budget. These in-house costs remained an appropriated responsibility, although by differing mechanisms (see OE, OIRM/IRMS and GMA sections of the Digest for additional information).

In 1977 the Teleprocessing Services Program (TSP) was developed to simplify and expedite Government procurement of computational data processing services from commercial sources. The TSP became the mandatory source of supply for all executive agencies (except US Postal service), for the judicial branch, and for the legislative branches except for the Senate, House, and the Architect of the Capitol. In 1984, GSA added microcomputers to the services and equipment that could be obtained by Federal agencies through the ADP Fund under multiple award schedule contracts. Therefore, both the TSP and microcomputers were grouped into one activity and retitled the Multiple Award Schedules Program. The program allowed agencies to acquire services from private vendors who participated in multiple award schedules contracts, indefinite quantity type contracts with fixed unit prices and Government-wide volume discounts.

In 1979, the Contract Services Program (CSP) was added to the Fund. The CSP provided ADP services to Federal agencies through regional contracts with private vendors, and reduced costs by consolidating volumes of business and eliminating repetitive procurement and contract administration. While the contracts were awarded and administered locally and were tailored to local market conditions, the overall effort had central program and policy direction. The CSP was the largest program of the Fund, and grew from \$23 million in 1979 to over \$167 million in 1986.

In 1987, Pub. L. 99-500 and 99-591 consolidated the ADP Fund and the Federal Telecommunications (FT) Fund into a new Information Technology Fund, effective January 1, 1987.

DESCRIPTION OF BUDGETARY ACTIVITIES

As of 1986, activities of the fund were as follows:

1. Multiple Award Schedules Program. Provided the reimbursable funding and contractual vehicle for Federal agencies to acquire services and equipment from private vendors who participated in certain multiple award schedule contracts. This simplified and expedited the procurement process by allowing agencies to purchase against already-existing GSA contracts, and provided savings from volume discounts, aggregated payments, and contract administration.
2. Federal Data Processing Centers. FDPCs were operated either by GSA or by other agencies under delegation of authority from GSA. They provided a full range of commercially available ADP services to all Federal agencies, including formulation of strategic Federal Information Resources Management plans; interactive time sharing; computer systems conversion support; general purpose software; language and software validation requirements; and a system for data collection.
3. Contract Services Program. Provided ADP services to Federal agencies through regional contracts with private sector vendors for systems analysis and programing, system design and definition of equipment/ systems requirements, computer output microfiche production, data conversion services, and office information systems analysis. The contracts were tailored to local market conditions and needs, while the overall effort had central GSA program and policy direction.
4. Equipment Lease program. This program financed the multiyear lease of ADP equipment for subsequent leaseback to Federal agencies. It also administered the leaseback of ADP equipment purchased through the Opportunity Buy program.
5. Excess ADP Equipment Program. This program financed the screening of excess Government-owned ADP equipment and, where there was a known user or high potential for re-use, the costs of acquiring, reassigning, and relocating the equipment.
6. Capital Outlays (Opportunity Buy Program). This program was used to make purchases of ADP equipment for other agencies when special discounts with time limitations and other arrangements became available and agencies were unable to take advantage of these cost reduction opportunities due to budget cycle limitations. These opportunities must have offered a high rate of return on the Government's investment.

APPROPRIATION LANGUAGE

The appropriation language for initial capital for the Automatic Data Processing Fund appeared in the Independent Offices and department of Housing and Urban Development Appropriation Act of 1968, P.L. 90-121, November 3, 1967. Language to increase the capital appeared in 1971:

"To increase the capital of the Automatic Data Processing Fund authorized to be established by Section 111 of the Federal Property and Administrative Services Act of 1949, as amended, (40 U.S.C. 759), \$_____ to remain available without fiscal year limitation."

BUDGETARY HISTORY OF APPROPRIATIONS
\$(Thousands)

Fiscal Year	Estimate	President's	House	Senate	-----Appropriations-----		
	to OMB	Allowance	Bill	Bill	Amount	P.L.	Date
1968	\$30,000	\$10,000	\$10,000	\$10,000	\$10,000	90-121	11/3/67
1969	20,0000	(Denied by OMB)					
1970 (Suppl.)	30,000	(Resubmitted as 1971 Supplemental)					
1971 (Suppl)	30,000	20,000	20,000	20,000	20,000	91-665	1/8/71
1972	-	-	-	-	-	-	-
1973	-	-	-	-	-	-	-
1974	-	-	-	-	-	-	-
1975	-	-	-	-	-	-	-
1976	-	-	-	-	-	-	-
TQ	-	-	-	-	-	-	-
1977	-	-	-	-	-	-	-
1978	-	-	-	-	-	-	-
1979	-	-	-	-	-	-	-
1980	80,000	-	-	-	-	-	-
1981	-	-	-	-	-	-	-
1982	-	-	-	-	-	-	-
1983	10,000	-	-	-	-	-	-
1984	-	-	-	-	-	-	-
1985	-	-	-	-	-	-	-
1986	-	-	-	-	-	-	-

PROGRAM COST BY BUDGETARY ACTIVITIES
\$(Thousands)

<u>Fiscal Year</u>	<u>Total</u>	<u>Data Processing</u>	<u>Lease Program</u>
1968	\$14,071	\$12,235	\$1,836
1969	13,827	11,381	2,446
1970	18,741	14,013	4,728
1971	18,420	16,252	2,168
1972	29,000	19,091	9,909
1973	25,754	24,367	1,387
1974	31,699	29,857	1,842
1975	49,222	43,652	5,570
1976	56,462	50,324	6,138
TQ	14,592	13,951	641
1977	67,232	54,407	12,825

	<u>Total</u>	<u>Tele-processing Services</u>	<u>Federal Data Processing Centers</u>	<u>Data Processing Services/Contracts</u>	<u>Manpower Services Program</u>	<u>Lease Program</u>
1978 ^{1/}	87,159	36,629	3,984	14,088	4,079	28,379
1979 ^{1/}	87,612	47,092	4,719	22,300	3,086	10,415
1980	114,688	67,268	6,842	34,420	2,511	3,647
1981	140,143	73,804	11,835	43,629	1,803	9,072
1982	146,478	75,282	12,468	54,697	1,411	2,620
1983	151,273 ^{2/}	71,343	13,616	66,101	--	213
		<u>Multiple Award Sched.</u>		<u>Contract Svcs Prog</u>	<u>Excess ADP Equip</u>	
1984	192,509 ^{3/}	56,511	25,588	110,186	--	224
1985	226,159 ^{4/}	60,117	18,189	147,531	252	70
1986	256,035	50,910	37,289	167,601	229	6

^{1/} Comparable to reflect 1980 Reorganization.

^{2/} Total program costs, funded; excludes capital investments (\$386 thousand) and change in selected resources (\$30,523 thousand); total obligations were \$182,182 thousand.

^{3/} Excludes Opportunity Buy (capital investment) program for \$270 thousand; total obligations \$192,779 thousand.

^{4/} \$226,381 thousand obligated, including \$222 thousand capital investment.

REVENUE AND EXPENSES
\$(Thousands)

<u>Fiscal Year</u>	<u>Operations</u>		<u>Operating Profit or Loss</u>	<u>Non-Operating Profit or Loss</u>	<u>Net Profit or Loss</u>	<u>Payment to Treasury</u>	<u>Outlays</u>
	<u>Revenue</u>	<u>Expense</u>					
1968	13,321	13,319	2	-	2	-	136
1969	13,908	13,910	-2	17	15	2	-533
1970	16,871	16,982	-111	-	-111	15	575
1971	20,762	20,711	51	-	51	-	-560
1972	26,114	25,937	177	-	177	-	3,201

1973	32,951	33,464	-513	119	-394	117	-6,761
1974	35,761	36,009	-248	1,302	1,054	-	4,960
1975	47,561	48,752	-1,191	-50	-1,241	660	-3,117
1976	55,091	54,989	102	784	886	-	-1,438
TQ	15,383	15,265	118	-21	97	-	-233
1977	61,076	60,945	131	356	487	-	11,275
1978	72,421	71,795	626	238	864	229	6,881
1979	95,408	94,211	1,197	804	2,001	864	-2,052
1980	125,287	124,831	456	-354	102	2,001	-5,561
1981	145,963	145,110	853	-83	770	102	6,901
1982	144,423	144,148	275	-271	4	770	-3,095
1983	146,397	146,369	28	178	206	4	-2,385
1984	169,460	167,105	2,356	240	2,596	206	12,518
1985	217,439	219,519	-2,080	--	-2,080	2,596	-12,021
1986	240,210	240,257	-47	--	-47	--	5,676

EMPLOYMENT DATA

<u>Fiscal Year</u>	<u>Permanent Positions</u>	<u>Average Employment</u>	<u>Average GS Grade</u>	<u>Average ES Salary</u>	<u>Average GS Salary</u>	<u>Ungraded Salary</u>
1968	822	749	6.8	-	\$7,781	\$4,707
1969	807	796	7.2	-	\$5,196	\$5,196
1970	878	818	7.7	-	\$10,364	\$5,567
1971	958	856	8.1	-	\$11,340	\$6,130
1972	887	867	8.3	-	\$12,442	\$7,737
1973	874	890	8.6	-	\$13,448	\$7,612
1974	749	673	8.2	-	\$13,420	\$7,612
1975	668	676	8.4	-	\$14,636	-
1976	678	662	8.6	-	\$15,760	-
1977	260	250	10.57	-	\$20,143	-
1978	278	232	10.65	-	\$21,911	-
1979	282	216	10.86	-	\$23,660	-
1980	286	234	10.86	-	\$25,638	-
1981	286	251	10.72	\$50,112	\$27,365	-
1982	317	287	10.87	\$58,500	\$30,951	-
1983	261	267				
						(Average Grade and Salary data no longer shown)
1984	278	264				
1985	375	309				
1986	348	383				